



**WILLIAMSBURG  
TECHNICAL COLLEGE**

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**Report on Examination of Basic Financial Statements  
and Additional Information**

**Year Ended June 30, 2013**

**WILLIAMSBURG  
TECHNICAL COLLEGE**

**TABLE OF CONTENTS**  
Year Ended June 30, 2013

Area Commission	1
Independent Auditor's Report	2
Management's Discussion and Analysis	4
 <b>BASIC FINANCIAL STATEMENTS</b>	
Statement of Net Position	11
Statement of Revenues, Expenses and Changes in Net Position	12
Statement of Cash Flows	13
Notes to Financial Statements	15
 <b>SINGLE AUDIT ACT REQUIREMENTS</b>	
Schedule of Expenditures of Federal Awards	30
Notes to Schedule of Expenditures of Federal Awards	31
Independent Auditors Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	32
Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance In accordance with OMB Circular A-133	34
Schedule of Findings and Questioned Costs	36
Disposition of Prior Year Audit Findings	37

**Williamsburg Technical College  
AREA COMMISSION  
(as of June 30, 2013)**

<b>Name</b>	<b>County of Residence</b>	<b>Office Held</b>	<b>Term Expires</b>
Brown, Walter H. 1381 Woodland Drive Kingstree, SC 29556	Williamsburg	Member	7/1/11
Gardner, Johnny M. 164 Gardner Loop Kingstree, SC 29556	Williamsburg	Vice Chairman	7/1/12
Green, S. Christine P O Box 229 Lane, SC 29564	Williamsburg	Secretary- Treasurer	7/1/12
Huell, Harry L. 1056 Blakely Road Salters, SC 29590	Williamsburg	Member	7/1/13
Poston, Henry M. P O Box 889 Kingstree, SC 29556	Williamsburg	Member	7/1/12
Stuckey, James S. 3727 Hemingway Hwy. Hemingway, SC 29554	Williamsburg	Member	7/1/11
Thompson, Joan B. 2521 MLK Jr Ave. Kingstree, SC 29556	Williamsburg	Chairman	7/1/12
Williams, Gertrude P. 398 Carrols Road Greeleyville, SC 29056	Williamsburg	Member	7/1/12

All members are appointed for three years and until their successors are appointed and qualify



***Newsome & Company, P.C.***  
**CERTIFIED PUBLIC ACCOUNTANTS**

Darrell N. Newsome, CPA ▲ Niki C. Watchinski, CPA ▲ Sarah E. Hooper ▲ Marissa A. Brockmann

**INDEPENDENT AUDITORS' REPORT**

To the President and Members of the Area Commission  
Williamsburg Technical College  
Kingstree, South Carolina

We have audited the accompanying financial statements of Williamsburg Technical College (the College) which comprise the statement of financial position as of June 30, 2013, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.





We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Williamsburg Technical College as of June 30, 2013, and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2013 on our consideration of Williamsburg Technical College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Williamsburg Technical College taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Newsome & Company, P.C.*

NEWSOME & COMPANY, P.C.  
Lexington, South Carolina  
September 30, 2013



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

This section of Williamsburg Technical College's (the "College") presents management's discussion and analysis of the College's financial performance during the fiscal year ended June 30, 2013. This discussion should be read in conjunction with financial statements and the notes thereto, which follow this section.

The financial statement presentation required by GASB Statements No. 34 and No. 35 provides a comprehensive, entity-wide perspective of the College's assets, liabilities, Net Position, revenues, expenses, changes in Net Position, and cash flows and replaces the fund-group perspective previously required.

### **Financial Highlights**

- The assets of Williamsburg Technical College exceeded its liabilities at June 30, 2013 by \$6,861,928
- The College's net position increased by \$295,918
- The College has no debt during the current fiscal year. The College received capital funding in the amount of \$137,645 from State and other sources that provided the resources for its ongoing efforts to improve and update equipment and buildings.
- The College experienced an operating loss of \$4,432,823 as reported in the Statement of Revenues, Expenses, and Changes in Net Position. However, State appropriations, which are the College's largest unrestricted revenue source, of \$1,458,959, local appropriations of \$988,749, Federal Grants of \$2,139,862 and other non-operating revenues of \$3,528 to offset this operating loss.

### **Overview of the Financial Statements**

The College is engaged only in Business-Type Activities (BTA) that are financed in part by fees charged to students for educational services. Accordingly, its activities are reported using the three financial statements required for proprietary funds: Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; and Statement of Cash Flows.

The Statement of Net Position presents the financial position of the College at the end of the fiscal year and requires classification of assets and liabilities into current and noncurrent categories. The difference between total assets and total liabilities is reflected in the Net Position section, which displays net position in three broad categories: invested in capital assets (net of related debt), restricted, and unrestricted. Net position are one indicator of the current financial condition of the College, while the change in net position is an indicator that the overall financial condition has improved or worsened during the year.

The Statement of Revenues, Expenses, and Changes in Net position replace the fund perspective with the entity-wide perspective. Revenues and expenses are categorized by operating and non-operating, and expenses are reported by natural classification.

The Statement of Cash Flows will aid readers in identifying the sources and uses of cash by the major categories of operating, capital and related financing, noncapital financing, and investing activities. This statement also emphasizes the College's dependence on state and county appropriations by separating them from operating cash flows.

## Financial Analysis of the College as a Whole

This schedule is a condensed version of the College's assets, liabilities and Net Position and is prepared from the Statement of Net Position.

### Condensed Summary of Revenues, Expenses and Changes in Net Position (thousands of dollars)

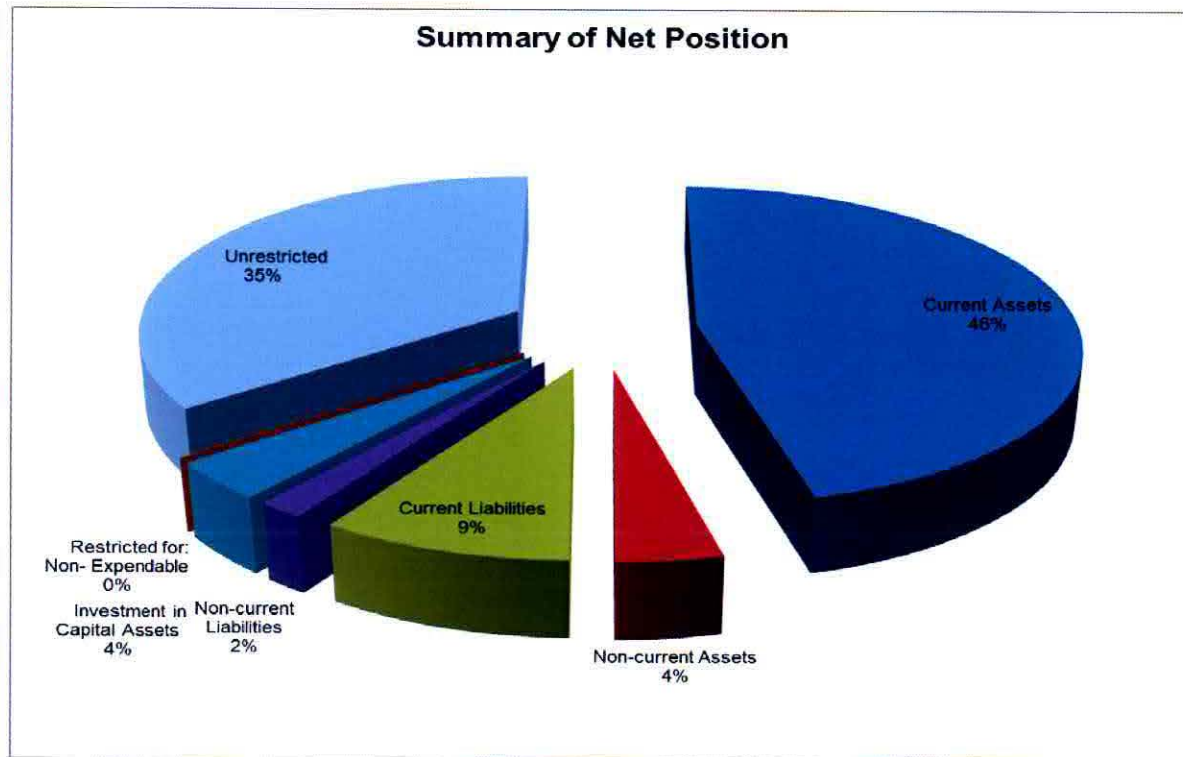
	2013	2012	Increase/ (Decrease)	Percent Change
<b>Revenues:</b>				
Student Tuition and Fees	\$ 422	\$ 351	\$ 71	20.23%
Grants and Contracts	1,532	1,347	185	13.73%
Auxiliary Programs	61	54	7	12.96%
Other Operating Revenues	64	55	9	16.36%
Total Operating Revenues	2,079	1,807	272	15.05%
State Appropriations	1,459	1,479	(20)	-1.35%
County Appropriations	989	977	12	1.23%
Investment Income	4	7	(3)	-42.86%
Grants and Contracts	2,140	2,331	(191)	-8.19%
Total Non-Operating Revenues	4,592	4,794	(202)	-4.21%
Total Revenues	6,671	6,601	70	1.06%
<b>Expenses</b>				
Salaries	3,183	2,812	371	13.19%
Benefits	1,091	891	200	22.45%
Scholarships	640	626	14	2.24%
Utilities	84	103	(19)	-18.45%
Supplies and other services	1,432	1,384	48	3.47%
Depreciation	83	89	(6)	-6.74%
Total Operating Expenses	6,513	5,905	608	10.30%
<b>Capital Contributions, Deductions to Permanent Endowments and Transfers</b>				
Capital Improvement Bonds	138	2	136	6800.00%
Capital Contributions, and Transfers	138	2	136	6800.00%
<b>Change in Net Assets</b>	296	698	(402)	-57.59%
<b>Net Assets, Beginning of year</b>	6,566	5,868	698	11.90%
<b>Net Assets, End of year</b>	\$ 6,862	\$ 6,566	\$ 296	4.51%

Net position may serve over time as a useful indicator of an entity's financial position. In the case of the College, assets exceeded liabilities by \$6,861,928 at the close of fiscal year ended June 30, 2013.

The College's investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding reflects approximately ten percent of its total Net Position. The College uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending.



Approximately one percent of the College's Net Position represents resources that are subject to external restrictions on how they may be used. *Unrestricted Net Position* of \$6,178,225 or approximately eighty-seven percent may be used to meet the College's ongoing unrestricted obligations. Pictorial presentations of specific areas of the College's financial condition on June 30, 2013 appear in the charts and graphs that follow.



Cash increased by \$1,428,209 during the fiscal year. A summary schedule of the increase in cash flows for the fiscal years ended June 30, 2013 and 2012 is as follows:

**Condensed Summary of Cash Flows (thousands of dollars)**

	2013	2012	Increase/ (Decrease)	Percent Change
<b>Cash Provided (Used) by:</b>				
Operating Activities	\$ (3,905)	\$ (4,264)	\$ 359	-8.42%
Non-Capital Financing Activities	4,714	4,772	(58)	-1.22%
Capital and Related Financing Activities	615	116	499	430.17%
Investing Activities	4	8	(4)	-50.00%
Net Increase in Cash	<u>\$ 1,428</u>	<u>\$ 632</u>	<u>\$ 796</u>	125.95%

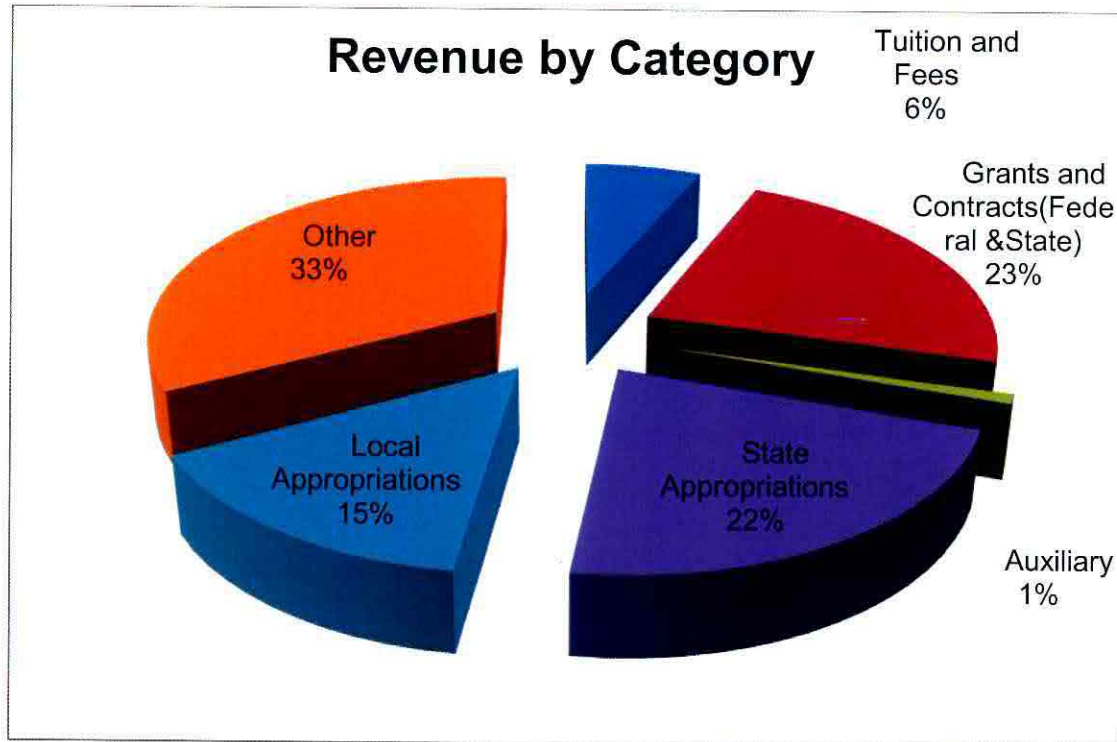
This schedule is a summary of the College's operating results for the fiscal year.

**Condensed Summary of Revenues, Expenses and Changes in Net Assets (thousands of dollars)**

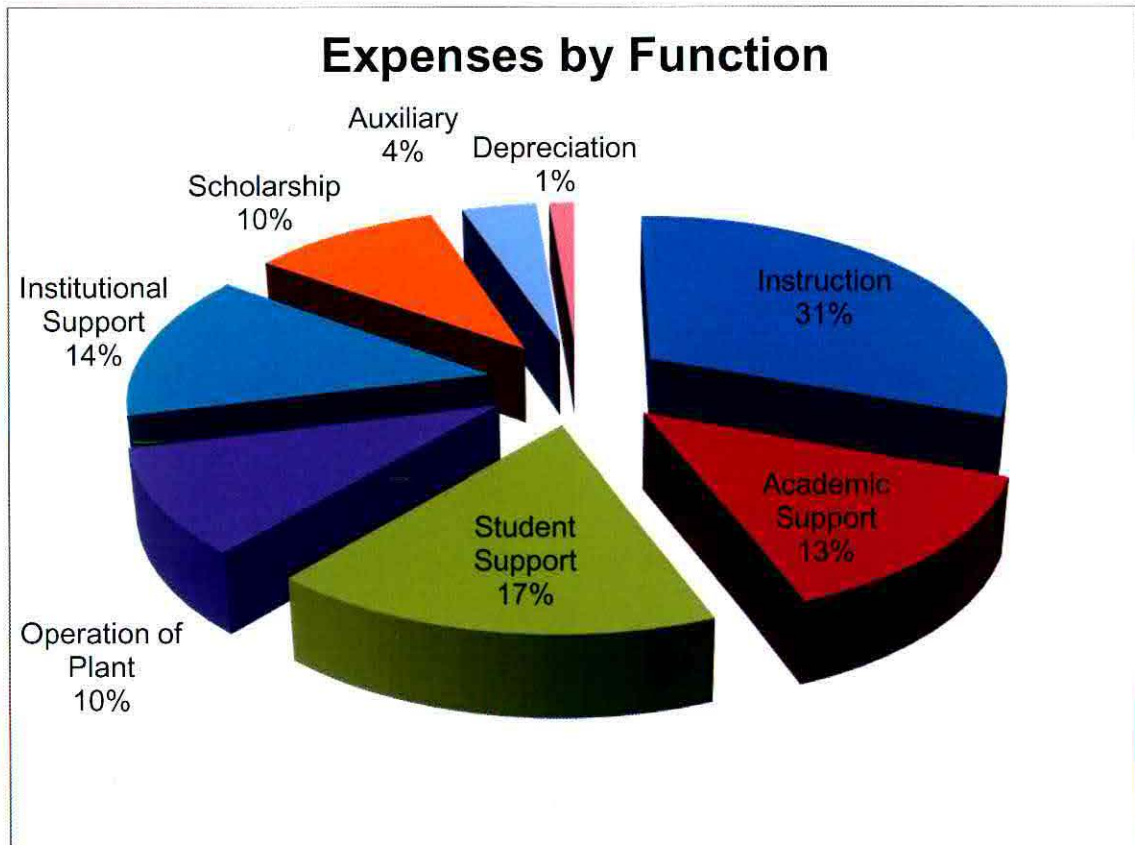
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A large portion of the revenue included in the Grants and Contracts category represents student financial assistance, which is used to pay tuition and fees for students to attend the College. An approximation of tuition and fees paid from this source of funds has been recognized as a reduction of tuition and fees in the form of scholarship allowances, in order to eliminate duplication of revenues.





In excess of \$4.2 million of the College's operating expenses occurred in the salary and benefits classification. Of this amount approximately 73 percent are identified as instructional, academic support, and student services support. Supplies and Other Services is the second largest classification of expenses and include expenses not otherwise classified. Note 13 in the accompanying notes to the financial statements identify operating expenses by functional classification.



### Capital Asset and Debt Administration

The college has completed a capital needs assessment and is preparing a comprehensive plan to address the plant needs. Currently the college has no debt. The College has recorded compensated absences payable in the amount of \$317,603 for obligations to employees of which \$17,545 is considered a current liability. The change in capital assets during the fiscal year is as follows:

Beginning Capital Assets, Net of Accumulated Depreciation	\$573,519
Assets Purchased During the Year	187,754
Depreciation Expense Recorded During the Current Year	<u>82,570</u>
Ending Capital Assets Net of Accumulated Depreciation	<u>\$678,703</u>

### Economic Factors

The Budget year for 2013-14 appears to be stable from the county. Due to the state formula phase out of our special monies the state funding is level is down about nine percent. The college had prepared for this decrease and we are financial sound. The increase in skills and knowledge required even for entry level jobs and the weak job market is likely to continue to maintain enrollment for the foreseeable future.

Williamsburg Technical College continues to be on the approved list for the phase one training for the Boeing Project. The system has also partnered with the manufacturing association for the awarding and acknowledgement of the MSSC for employment opportunities in the growing area of the new manufacturing businesses.

Currently, federal Pell covers most of the College's needy students' tuition and fees. This year the College continued the two distributions of Pell to assist students with the rising cost of books and supplies for the two main semesters of the school year. Lottery tuition assistance (LTA) applies only after federal Pell and then for the balance of tuition costs up to the maximum per credit hour established by State Board for Technical and Comprehensive Education (SBTCE) and approved by Commission on Higher Education (CHE). The amount for the 2013-14 year will remain at the same level per student. Currently LTA funds cannot be used for books and supplies or other cost of attendance.

The College's Practical Nursing Program continues to be successful with very high licensure pass rates and very high job placement rates. The Practical Nursing Program increased the number student entering the class to 30. In addition grant funds are being sought from multiple sources to supplement and accelerate the growth of this program.

The College has seen growth in the trades programs over the last few years. The welding program in particular continues to grow at an above average rate. Collaboration with South Carolina State University with the Early Child Care and Education program continues to benefit an increasing number of students.

The College has implemented a new COL 103 course as part of our SACS reaffirmation that was just awarded this summer. This course will concentrate on retention of students. We have also implemented a new method of recruiting and processing for our Dual enrollments student. The school district has encouraged and embraced the increasing of Dual enrollment offerings. We felt that this is a win for all, an increase in college enrollment along with High School students having the ability to graduate with up to 24 hours of college credits.

## **BASIC FINANCIAL STATEMENTS**



**WILLIAMSBURG TECHNICAL COLLEGE**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2013**

**ASSETS**

**Current Assets:**

Cash and Cash Equivalents	\$ 6,873,207
Short-Term Investments	666,658
Short-Term Investments - Restricted for Endowment	5,000
Accounts Receivable, Net	470,520
Inventory	45,338
Prepaid Expenses	10,671
<b>Total Current Assets</b>	<u>8,071,394</u>

**Non-Current Assets:**

Capital Assets Not Being Depreciated	127,190
Capital Assets, Net of Accumulated Depreciation	551,513
<b>Total Non-Current Assets</b>	<u>678,703</u>
<b>Total Assets</b>	<u><u>\$ 8,750,097</u></u>

**LIABILITIES**

**Current Liabilities:**

Accounts Payable	\$ 105,630
Payroll Related Liabilities	98,954
Compensated Absences Payable	17,545
Deferred Revenue	1,365,982
<b>Total Current Liabilities</b>	<u>1,588,111</u>

**Non-Current Liabilities:**

Compensated Absences Payable	300,058
<b>Total Non-Current Liabilities</b>	<u>300,058</u>
<b>Total Liabilities</b>	<u>1,888,169</u>

**NET POSITION**

<b>Invested in Capital Assets</b>	678,703
<b>Restricted For:</b>	
Nonexpendable:	
Endowment	5,000
<b>Unrestricted</b>	6,178,225
<b>Total Net Position</b>	<u>6,861,928</u>
<b>Total Liabilities and Net Position</b>	<u><u>\$ 8,750,097</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.



**WILLIAMSBURG TECHNICAL COLLEGE**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2013**

**REVENUES**

**Operating Revenues**

Student Tuition and Fees, net of scholarship allowances of \$1,698,367	\$ 422,495
Federal Grants and Contracts	1,070,843
State Grants and Contracts	451,086
Private Grants and Contracts	10,435
Auxiliary Programs, net of scholarship allowances of \$222,073	60,929
Other Operating Revenues	64,168
<b>Total Operating Revenues</b>	<u>2,079,956</u>

**EXPENSES**

**Operating Expenses**

Salaries	3,182,437
Benefits	1,091,198
Scholarships	640,138
Utilities	84,336
Supplies and other services	1,432,100
Depreciation	82,570
<b>Total Operating Expenses</b>	<u>6,512,779</u>

<b>Operating Loss</b>	<u>(4,432,823)</u>
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**Non-Operating Revenues**

State Appropriations	1,458,959
County Appropriations	988,749
Investment Income	3,526
Federal Grants and Contracts	2,139,862
<b>Net Non-Operating Revenues</b>	<u>4,591,096</u>

<b>Income Before Other Revenues, Expenses, Gains or Losses</b>	158,273
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Capital Improvement Bond Proceeds	<u>137,645</u>
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<b>Increase in Net Position</b>	295,918
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**NET POSITION**

<b>Net Position, Beginning of year</b>	<u>6,566,010</u>
<b>Net Position, End of year</b>	<u><u>\$ 6,861,928</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**WILLIAMSBURG TECHNICAL COLLEGE  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2013**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Student Tuition and Fees, net of scholarship allowances	\$ 670,006
Federal, State and Local Grants and Contracts	1,576,170
Auxiliary Enterprise, net of scholarship allowances	60,929
Other Receipts	64,168
Scholarships	(640,138)
Payments to Vendors	(1,509,115)
Payments to Employees (Salary and Benefits)	(4,126,641)
<b>Net Cash Used in Operating Activities</b>	<u>(3,904,621)</u>

**CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES**

State Appropriations	1,585,586
County Appropriations	988,749
Federal, State and Local Grants and Contracts	2,139,862
<b>Net Cash Provided by Non-Capital Financing Activities</b>	<u>4,714,197</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Capital Improvement Bond Proceeds	802,811
Purchase of Capital Assets	(187,754)
<b>Net Cash Provided by Capital and Related Financing Activities</b>	<u>615,057</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Proceeds from Sales and Maturities of Investments	5,000
Interest on Investments	3,576
Purchase of Investments	(5,000)
<b>Net Cash Provided by Investing Activities</b>	<u>3,576</u>

<b>Net Increase in Cash</b>	1,428,209
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<b>Cash, Beginning of Year</b>	5,444,998
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<b>Cash, End of Year</b>	<u><u>\$ 6,873,207</u></u>
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(Continued)

**WILLIAMSBURG TECHNICAL COLLEGE  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2013**

**Reconciliation of Net Operating Revenue (Expenses) to**

**Net Cash Provided (Used in) Operating Activities:**

Operating Income (Loss)	\$ (4,432,823)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used in) Operating Activities	
Depreciation	82,570
(Increase) decrease in:	
Accounts Receivables	272,212
Inventory	24,275
Prepaid Expenses	342
Increase (decrease) in:	
Accounts Payable	(14,560)
Payroll Related Liabilities	96,218
Compensated Absences	48,040
Deferred Revenue	19,105
<b>Total Adjustments</b>	<u>528,202</u>
<b>Net Cash Used in Operating Activities</b>	<u><u>\$ (3,904,621)</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.



**WILLIAMSBURG TECHNICAL COLLEGE**  
**Notes to the Financial Statements**  
**June 30, 2013**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Nature of Operations:** Williamsburg Technical College (the "College"), a member institution of the South Carolina Technical College System, provides a range of educational programs to meet the needs of the adult population of Williamsburg county and the surrounding area. Included in this range of programs are technical and occupational associate degrees, diploma and certificate curricula that are consistent with the needs of employers in the College's service area. As an integral part of this mission, the College provides a program of continuing education designed to satisfy the occupational demands of employers through retraining and upgrading the skills of individual employees. The College also provides a variety of developmental education programs, support services, and offerings to assist students in meeting their personal and professional educational objectives.

**B. Reporting Entity:** The financial reporting entity, as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, and amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus and Amendment of GASB Statements No. 14 and No. 34*, consists of the primary government and organizations for which the primary government is financially accountable. In addition, the primary government may determine through exercise of management's professional judgment that the inclusion of an organization that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity's financial statements from being misleading. Accordingly, the financial statements include the accounts of the Williamsburg Technical College, as the primary government. The College evaluates potential component units on an annual basis and presents component units that are deemed significant. As of June 30, 2013, the College has determined there are no significant component units. The College is a component unit of the State of South Carolina and a part of the State's Comprehensive Annual Financial Report.

**C. Financial Statements:** The financial statements are presented in accordance with GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities* and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The financial statement presentation required by GASB Statements No. 34 and No. 35 provides a comprehensive, entity-wide perspective of the College's assets, liabilities, net position, revenues, expenses, changes in net position and cash flows.

**D. Basis of Accounting:** For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. Accordingly, the College's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. Student tuition and auxiliary enterprise fees are presented net of scholarships applied to student accounts, while stipends and other payments made directly are presented as scholarship expenses.

The College has elected not to apply Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989.

**E. Cash and Cash Equivalents:** For purposes of the statement of cash flows, the College considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.



**WILLIAMSBURG TECHNICAL COLLEGE**  
**Notes to the Financial Statements**  
**June 30, 2013**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Investments:** Deposits and investments for the College are governed by the South Carolina Code of Laws, Section 11-9-660, "Investment of Funds". *GASB Statement No. 40, Deposits and Investment Risk Disclosures – an amendment to GASB Statement No. 3*, requires disclosures related to deposit risks, such as custodial credit risk, and investment risks, such as credit risk (including custodial credit risk and concentrations of credit risks) and interest rate risk. The college accounts for its investments at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Changes in unrealized gain (loss) on the fair value of investments are reported as a component of investment income in the statement of revenues, expenses and changes in net position.

**G. Accounts Receivable:** Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff. Accounts receivable also include amounts due from the Federal government, State and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the College's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts. Allowances for losses for student accounts receivable are established based upon actual losses experienced in prior years and evaluations of the current account portfolio.

**H. Inventories:** Inventories for internal use are valued at cost. Inventories for resale are carried at the lower of cost or market on the first-in, first-out ("FIFO") basis.

**I. Capital Assets:** Capital assets are recorded at cost at the date of acquisition or fair market value at the date of donation in the case of gifts. The College follows capitalization guidelines established by the State of South Carolina. All land is capitalized, regardless of cost. Qualifying improvements that rest in or on the land itself are recorded as depreciable land improvements. Major additions, renovations, and other improvements that add to the usable space, prepare existing buildings for new uses, or extend the useful life of an existing building are capitalized. The College capitalizes movable personal property with a unit value in excess of \$5,000 and a useful life in excess of two years and depreciable land improvements, buildings and improvements, and intangible assets costing in excess of \$100,000. Routine repairs and maintenance and library materials, except individual items costing in excess of \$5,000, are charged to operating expenses in the year in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 15 to 50 years for buildings and improvements and land improvements and 2 to 25 years for machinery, equipment, and vehicles.

**J. Deferred Revenues and Deposits:** Deferred revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Deferred revenues also include amounts received from grant and contract sponsors that have not yet been earned.

**K. Compensated Absences:** Employee vacation pay expense is accrued at year-end for financial statement purposes. The liability and expense incurred are recorded at year end as a component of long-term liabilities in the statement of net position and as a component of benefit expenses in the statement of revenues, expenses, and changes in net position. The liability for accrued compensated absences includes all accrued vacation leave, unused holiday, and related fringe benefits. Other compensated absences, such as sick pay, do not vest; accordingly, no liability is accrued.



**WILLIAMSBURG TECHNICAL COLLEGE**  
**Notes to the Financial Statements**  
**June 30, 2013**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**L. Net Position:** The College's net position is classified as follows:

***Invested in capital assets, net of related debt:*** This component represents the College's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.

***Restricted - expendable:*** The restricted expendable component includes resources in which the College is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

***Restricted - nonexpendable:*** The nonexpendable restricted component consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

***Unrestricted:*** The unrestricted component represents resources derived from student tuition and fees, appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the College, and may be used at the discretion of the governing board to meet current expenses for any purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty and staff.

The College's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

**M. Non-Exchange Transactions:** Non-exchange transactions involving financial or capital resources are transactions in which the college either gives value to another party without directly receiving equal value in exchange or receives value from another party without directly giving equal value in exchange. The types of non-exchange transactions the college engages in include "Voluntary non-exchange transactions" (certain grants and donations), and "Imposed non-exchange revenue" (fines and penalties), and "Government-mandated non-exchange transactions."

Voluntary non-exchange transactions usually involve eligibility requirements that must be met before transactions are recognized. The eligibility requirements can include one or more of the following:

- a. The recipient has the characteristics specified by the provider.
- b. Time requirements specified by the provider have been met.
- c. The provider offers resources on a reimbursement basis and allowable costs have been incurred under the applicable program.
- d. The provider's offer of resources is contingent upon a specified action of the recipient and that action occurred.

Assets from imposed non-exchange revenues are recognized when an enforceable legal claim to the assets arise or when the resources are received.



**WILLIAMSBURG TECHNICAL COLLEGE**  
**Notes to the Financial Statements**  
**June 30, 2013**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**N. Classification of Revenues:** The College has classified its revenues as either operating or non-operating revenues according to the following criteria:

*Operating revenues:* Operating revenues generally result from exchange transactions to provide goods or services related to the College's principal ongoing operations. These revenues include (1) student tuition and fees received in exchange for providing educational services, and other related services to students; (2) receipts for scholarships where the provider has identified the student recipients; (3) fees received from organizations and individuals in exchange for miscellaneous goods and services provided by the College; and (4) grants and contracts that are essentially the same as contracts for services that finance programs the College would not otherwise undertake.

*Non-operating revenues:* Non-operating revenues include activities that have the characteristics of non-exchange transactions. These revenues include gifts and contributions, appropriations, investment income, and any grants and contracts that are not classified as operating revenue or restricted by the grantor to be used exclusively for capital purposes.

*Scholarship discounts and allowances:* Student tuition and fee revenues are reported net of scholarship discounts and allowances in the statement of revenues, expenses and changes in net position. Scholarship allowances are the difference between the stated charge for goods and services provided by the College, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain grants, such as Pell and other Federal, state or nongovernmental programs are recorded as either operating or non-operating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship discount and allowance.

**O. Classification of Expenses:** The College has classified its expenses as either operating or non-operating expenses according to the following criteria:

*Operating expenses:* Operating expenses generally result from the purchasing of goods or services related to the College's principal ongoing operations. These expenses include (1) salaries and benefits paid to employees for providing educational services and other related services to students; (2) utilities to maintain the educational buildings; (3) supplies and services for goods and services provided to the College; (4) scholarship expenses for student financial assistance; and (5) depreciation expense for capital items.

*Non-operating expenses:* Non-operating expenses include activities that have the characteristics of non-exchange transactions. These expenses include interest expense and capital items purchased.

**P. Auxiliary Enterprises and Internal Service Activities:** Auxiliary enterprise revenues primarily represent revenues generated by bookstores and vending.

**Q. Capitalized Interest:** The College's policy is to capitalize as a component of construction in progress interest cost in excess of earnings on debt associated with capital projects that will be capitalized in the applicable capital asset categories upon completion. During the fiscal year ended June 30, 2013, no interest costs were capitalized.

**R. Income Taxes:** The College is a political subdivision of the State of South Carolina and is, therefore, generally exempt from federal and state income taxes under applicable federal and state statutes and regulations on related income. Certain activities of the College may be subject to taxation as unrelated business income.



**WILLIAMSBURG TECHNICAL COLLEGE**  
**Notes to the Financial Statements**  
**June 30, 2013**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**S. Restricted Cash and Investments:** The College has funds which were donated by private citizens as a non-expendable endowment to the College.

**T. Use of Estimates:** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Allowances for losses for student accounts receivable are established and based upon actual losses experienced in prior years and evaluations of the current account.

**NOTE 2 - CASH, DEPOSITS, AND INVESTMENTS**

The following schedule reconciles cash and investments as reported on the Statement of Net Position to footnote disclosure provided for deposits and investments.

Statement of Net Position:

Primary Government	
Cash and Cash Equivalents	\$ 6,873,207
Short-Term Investments (Restricted)	5,000
Short-Term Investments	<u>666,658</u>
Total Cash and Investments on Statement of Net Position	<u>\$ 7,544,865</u>

Disclosure, Deposits and Investments Plus Reconciling Items:

Carrying Value Deposits:	
Held by Financial Institutions	<u>\$7,544,865</u>

**DEPOSITS**

State law requires that a bank or savings and loan association receiving State funds must secure the deposits by deposit insurance, surety bonds, collateral securities, or letters of credit to protect the State against any loss.

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that a government will not be able to recover deposits if the depository financial institution fails or to recover the value of collateral securities that are in the possession of an outside party if the counterparty to the deposit transaction fails. The College's policy requires all banks that receive deposits of the College to secure the deposits with collateral securities to protect the College against any loss.

The bank balances on deposit for Williamsburg Technical College at June 30, 2013, were \$7,548,118. Of these, \$6,548,118 were exposed to custodial credit risk as uninsured and collateralized with securities held by the pledging institutions in the College's name. The carrying values of these deposits were \$7,544,865. All certificates of deposit, regardless of maturity are reported as deposits for custodial credit risk categorization.

**Foreign Currency Risk**

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. Williamsburg Technical College does not maintain deposits that are denominated in a currency other than the United States dollar; therefore, the college is not exposed to this risk.

**WILLIAMSBURG TECHNICAL COLLEGE**  
**Notes to the Financial Statements**  
**June 30, 2013**

**NOTE 2 - CASH, DEPOSITS, AND INVESTMENTS (Continued)**

**INVESTMENTS**

The College is authorized, by the South Carolina Code of Laws, Section 11-9-660, to invest in obligations of the United States and its agencies, obligations of the State of South Carolina and its political subdivisions, collateralized or federally insured certificates of deposit, and collateralized repurchase agreements. Temporary cash investments of the College are short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near maturity that they present insignificant risks of changes in value because of changes in interest rates.

Restricted investments include \$5,000 held for endowment.

The College's investments and maturities at June 30, 2013, that are not with the State Treasurer's Office are presented below.

<u>Investment Type</u>	<u>Investment Maturities (in years)</u>				
	<u>Fair Value</u> <u>Amount</u>	<u>Less</u> <u>Than 1</u>	<u>1 – 5</u>	<u>6 – 10</u>	<u>More</u> <u>Than 10</u>
Certificate of Deposit.....	\$671,658	\$671,658	\$ –	\$ –	\$ –

**Custodial Credit Risk**

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the College will not be able to recover the investments value or collateral securities that are in the possession of the outside party. The College does not have an investment policy regarding credit risk. The College does not currently have investments that are exposed to credit risk.

**Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The College does not have an investment policy regarding credit risk. The College does not currently have investments that are exposed to credit risk.

**Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The College places no limits on the amount the College may invest in any one issuer. Currently the College has no investments which are exposed to concentration of credit risk.

**Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. It occurs because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase, thereby affording potential purchasers more favorable rates on essentially equivalent securities. The College does not have an investment policy regarding interest rate risk. The College has no formal policy regarding interest rate risk, but manages it by limiting investments to short-term Certificates of Deposit.

**Foreign Currency Risk**

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. Williamsburg Technical College does not maintain investments that are denominated in a currency other than the United States dollar; therefore, the college is not exposed to this risk.



**WILLIAMSBURG TECHNICAL COLLEGE**  
**Notes to the Financial Statements**  
**June 30, 2013**

**NOTE 3 - ACCOUNTS RECEIVABLE**

Accounts receivable as of June 30, 2013, including applicable allowances, are summarized as follows:

Student Accounts	\$ 759,809
Federal Grants and Contracts	130,818
State Grants and Contracts	69,337
State Appropriations	63,665
Nongovernmental Grants and Contracts	834
Interest Receivable	<u>674</u>
Gross Receivables	1,025,137
Less: Allowance for Doubtful Accounts - Students	<u>(554,617)</u>
Receivables, Net	<u>\$ 470,520</u>

Allowances for losses for student accounts receivable are established based upon actual losses experienced in prior years and evaluations of the current account portfolio.

**NOTE 4 - CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2013 was as follows:

	<b>Balance 7/1/2012</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance 6/30/2013</b>
<b>Capital Assets not being Depreciated:</b>				
Land	\$ 127,190	\$ -	\$ -	\$ 127,190
<b>Other Capital Assets:</b>				
Buildings and Improvements	3,128,862	-	-	3,128,862
Machinery, Equipment, and Other	1,061,727	174,007	(25,377)	1,210,357
Vehicles	58,261	13,747	-	72,008
Intangibles	<u>308,720</u>	<u>-</u>	<u>-</u>	<u>308,720</u>
Total Other Capital Assets at Historical Cost	<u>4,557,570</u>	<u>187,754</u>	<u>(25,377)</u>	<u>4,719,947</u>
<b>Less Accumulated Depreciation for:</b>				
Buildings and Improvements	(2,698,529)	(59,187)	-	(2,757,716)
Machinery, Equipment, and Other	(1,048,974)	(21,811)	25,377	(1,045,408)
Vehicles	(55,018)	(1,572)	-	(56,590)
Intangibles	<u>(308,720)</u>	<u>-</u>	<u>-</u>	<u>(308,720)</u>
Total Accumulated Depreciation	<u>(4,111,241)</u>	<u>(82,570)</u>	<u>25,377</u>	<u>(4,168,434)</u>
Other Capital Assets, Net	<u>446,329</u>	<u>105,184</u>	<u>-</u>	<u>551,513</u>
<b>Capital Assets, Net</b>	<u>\$ 573,519</u>	<u>\$ 105,184</u>	<u>\$ -</u>	<u>\$ 678,703</u>



**WILLIAMSBURG TECHNICAL COLLEGE**  
**Notes to the Financial Statements**  
**June 30, 2013**

**NOTE 5 - PENSION PLAN**

The South Carolina Public Employee Benefit Authority Retirement Benefits maintains five independent defined benefit plans and issues its own publicly available Comprehensive Annual Financial Report (CAFR) which includes financial statements and required supplementary information. A copy of the separately issued CAFR may be obtained by writing to South Carolina Public Employee Benefit Authority Retirement Benefits, P. O. Box 11960, Columbia, SC 29211-1960. Furthermore, the South Carolina Public Employee Benefit Authority Retirement Benefits and the five pension plans are included in the CAFR of the State of South Carolina..

Article X, Section 16, of the South Carolina Constitution requires that all State-operated retirement systems be funded on a sound actuarial basis. Title 9 of the South Carolina Code of Laws of 1976, as amended, prescribes requirements relating to membership, benefits, and employee/employer contributions for each pension plan. Employee and employer contribution rates for the South Carolina Retirement System are actuarially determined. Annual benefits, payable monthly for life, are based on length of service and on average final compensation.

*South Carolina Retirement System*

The majority of employees of the College are covered by a retirement plan through the South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan administered by the South Carolina Public Employee Benefit Authority Retirement Benefits, a public employee retirement system. Generally all State employees are required to participate in and contribute to the SCRS as a condition of employment unless exempted by law as provided in Section 9-1-480 of the South Carolina Code of Laws. This plan provides retirement annuity benefits as well as disability, cost of living adjustments, death, and incidental death benefits to eligible employees and retirees.

On July 1, 2012, the required employee contribution increased to 7.0%. The rate increased to 7.5% on July 1, 2013 and will increase again to 8.0% on July 1, 2014. Effective July 1, 2012, the employer contribution rate became 15.0%, which included a 4.55% surcharge to fund retiree health and dental insurance coverage. The College's actual contributions to the SCRS for the three most recent fiscal years ending June 30, 2013, 2012, and 2011, were \$310,475, \$250,214, and \$252,284, respectively, and equaled the required contributions of 10.45% (excluding the surcharge) for fiscal year 2013, 9.385% (excluding the surcharge) for fiscal year 2012, and 9.240% (excluding the surcharge) for fiscal year 2011. Also, the College paid employer incidental death benefit contributions of \$4,456 in the current fiscal year at the rate of .15% of compensation.

*Optional Retirement Program*

The State Optional Retirement Program (State ORP) was first established as the Optional Retirement Program for Higher Education in 1987. In its current form, the State ORP is an alternative to the defined benefit SCRS plan offered to certain state, public school and higher education employees of the State. The State ORP, which is administered by the South Carolina Public Employee Benefit Authority Retirement Benefits, is a defined contribution plan. State ORP participants direct the investment of their funds into a plan administered by investment providers. The State assumes no liability for State ORP benefits. Rather, the benefits are the liability of the investment providers and are governed by the terms of the contracts issued by them.

Under State law, contributions to the ORP are required at the same rates as for the SCRS, 10.45% plus the retiree surcharge of 4.55% from the employer in fiscal year 2013. A direct remittance is required from the employers to the investment providers for the employee contribution (7.0%) and a portion of the employer contribution (5.0%). Also, a direct remittance is required to SCRS for a portion of the employer contribution (4.45%), which must be retained by SCRS.

Employees are eligible for incidental death benefits while participating in the State ORP. However, employees who participate in the State ORP are not eligible for postretirement incidental death benefits. The College did not have any employees participating in the State ORP in fiscal year 2013.



**WILLIAMSBURG TECHNICAL COLLEGE**  
**Notes to the Financial Statements**  
**June 30, 2013**

**NOTE 5 - PENSION PLANS (Continued)**

*Deferred Compensation Plans*

Several optional deferred compensation plans are available to State employees and employers of its political subdivisions. Certain employees of the College have elected to participate. The multiple-employer plans, created under Internal Revenue Code Sections 457, 401(k), and 403(b), are administered by third parties and are not included in the Comprehensive Annual Financial Report of the State of South Carolina. Compensation deferred under the plans is placed in trust for the contributing employee. The State has no liability for losses under the plans. Employees may withdraw the current value of their contributions when they terminate State employment. Employees may also withdraw contributions prior to termination if they meet requirements specified by the applicable plan.

*Teacher and Employee Retention Incentive*

Effective January 1, 2001, Section 9-1-2210 of the South Carolina Code of Laws allows employees eligible for service retirement to participate in the Teacher and Employee Retention Incentive (TERI) Program. However, effective July 1, 2012, the TERI program is not available to new hires. TERI participants may retire and begin accumulating retirement benefits on a deferred basis without terminating employment for up to five years. Upon termination of employment or at the end of the TERI period, whichever is earlier, participants will begin receiving monthly service retirement benefits which will include any cost of living adjustments granted during the TERI period. Because participants are considered retired during the TERI period, they do not earn service credit and are ineligible to receive incidental death benefits or disability retirement benefits. Retired SCRS members, including TERI participants working for a covered employer, pay the active employee contribution. The employer pays the active employer contribution as well. Act 278 of 2012 closed the TERI program effective June 30, 2018.

**NOTE 6 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

**Plan Description**

In accordance with the South Carolina Code of Laws and the annual Appropriations Act, the State provides postemployment health and dental and long-term disability benefits to retired State and school district employees and their covered dependents. The College contributes to the Retiree Medical Plan (RMP) and the Long-term Disability Plan (LTDP), cost-sharing multiple-employer defined benefit postemployment healthcare and long-term disability plans administered by the South Carolina Public Employee Benefit Authority (PEBA) Insurance Benefits. Generally, retirees are eligible for the health and dental benefits if they have established at least ten years of retirement service credit. For new hires May 2, 2008 and after, retirees are eligible for benefits if they have established twenty-five years of service for 100% employer funding and fifteen through twenty-four years of service for 50% employer funding. Benefits become effective when the former employee retires under a State retirement system.

Benefits become effective when the former employee retires under a State retirement system. Basic long-term disability (BLTD) benefits are provided to active state, public school district and participating local government employees approved for disability.



**WILLIAMSBURG TECHNICAL COLLEGE**  
**Notes to the Financial Statements**  
**June 30, 2013**

**NOTE 6 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

**Funding Policies**

Section 1-11-710 and 1-11-720 of the South Carolina Code of Laws of 1976, as amended, requires these postemployment healthcare and long-term disability benefits be funded through annual appropriations by the General Assembly for active employees to PEBA Insurance Benefits and participating retirees to the State Budget and Control Board except the portion funded through the pension surcharge and provided from other applicable sources of PEBA Insurance Benefits for its active employees who are not funded by State General Fund appropriations. Employers participating in the RMP are mandated by State statute to contribute at a rate assessed each year by the Office of the State Budget, which was 4.55% of annual covered payroll for 2013, 4.3% of annual covered payroll for 2012, and 3.9% of annual covered payroll for 2011. PEBA Insurance Benefits sets the employer contribution rate based on a pay-as-you-go basis. The College's contributions to the SCRS for the three most recent fiscal years ending June 30, 2013, 2012, and 2011, were approximately \$135,000, \$115,100, and \$106,000, respectively, applicable to the surcharge included with the employer contribution for retirement benefits. BLTD benefits are funded through a per person premium charged to State agencies, public school districts, and other participating local governments. The monthly premium per active employee paid to EIP was \$3.22 for the fiscal years ended June 30, 2013, 2012, and 2011.

Effective May 1, 2008 the State established two trust funds through Act 195 for the purpose of funding and accounting for the employer costs of retiree health and dental insurance benefits and long-term disability insurance benefits. The South Carolina Retiree Health Insurance Trust Fund is primarily funded through the payroll surcharge. Other sources of funding include additional State appropriated dollars, accumulated PEBA Insurance Benefits reserves, and income generated from investments. The Long Term Disability Insurance Trust Fund is primarily funded through investment income and employer contributions.

One may obtain complete financial statements for the benefit plans and the trust funds from the South Carolina Public Employee Benefit Authority Insurance Benefits, P.O. Box 11661, Columbia, South Carolina 29211-1661.

**NOTE 7 - CONTINGENCIES, LITIGATION, AND PROJECT COMMITMENTS**

The College is not currently involved in any active claims or lawsuits, nor is it aware of any pending claims or litigation that would affect the College's financial position.

The College participates in certain Federal grant programs. These programs are subject to financial and compliance audits by the grantor or its representative. The College is not aware of any contingent liabilities related to the Federal grant programs.

At June 30, 2013, the College had no outstanding commitments for construction or building repairs.

**NOTE 8 - LEASE OBLIGATIONS**

The College rents copiers that meet the definition of contingent rentals. During the fiscal year ending June 30, 2013, the College expended \$13,927 to external parties for these contingent rentals which are based upon the copier machine usage.



**WILLIAMSBURG TECHNICAL COLLEGE**  
**Notes to the Financial Statements**  
**June 30, 2013**

**NOTE 9 - LONG-TERM LIABILITIES**

Long-term liabilities activity for the year ended June 30, 2013 was as follows:

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2013</u>	<u>Due Within</u> <u>One Year</u>	<u>Net Long</u> <u>Term</u>
Compensated Absences Payable	\$ 269,563	\$ 63,816	\$ 15,776	\$ 317,603	\$ 17,545	\$ 300,058

**NOTE 10 - DEFERRED REVENUE**

Deferred revenue as of June 30, 2013, is summarized as follows:

**Deferred Revenue**

Student Tuition and Fees	\$ 210,033
Federal Grants and Contracts	4,706
State Appropriations	366,089
State Capital Appropriations	785,154
Total Deferred Revenue	<u><u>\$ 1,365,982</u></u>

**NOTE 11 - STATE APPROPRIATIONS**

State funds for the South Carolina Technical College System are appropriated to the State Board for Technical and Comprehensive Education (the Board), and the Board allocates funds budgeted for the technical colleges in a uniform and equitable manner. Appropriations are recognized as revenue when received and available. Amounts that are not expended by fiscal year-end lapse and are required to be returned to the General Fund of the State unless the Board receives authorization from the General Assembly to carry the funds over to the next year.

On the following page is a reconciliation of the state appropriations revenue reported in the financial statements for the fiscal year ended June 30, 2013.

**WILLIAMSBURG TECHNICAL COLLEGE**  
**Notes to the Financial Statements**  
**June 30, 2013**

**NON-CAPITAL APPROPRIATIONS**

Appropriations from State Board for:

Salaries and Benefits	\$1,417,736
Lottery Technology	130,066
EEDA Pathways	37,784

Current Year Appropriation Cash Basis	1,585,586
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Adjustments:

Accounts Receivable - beginning of year	(43,277)
Accounts Receivable - end of year	63,665
Due to State Board	(99,010)
Deferred revenue - beginning of year	318,084
Deferred revenue - end of year	(366,089)

**Total Non-Capital Appropriations Recorded as  
Current Year Revenue**

**\$1,458,958**

**CAPITAL APPROPRIATIONS**

Cash Basis Appropriations from State Board for:

Repairs and Maintenance	\$802,811
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Adjustments:

Deferred Revenue - beginning of year	119,988
Deferred Revenue - end of year	(785,154)

**Total Capital Appropriations Recorded as Current Year Revenue**

**\$137,645**

Capital appropriations from the State Board include \$700,000 originally appropriated for the construction of a technology building which may now be used for academic and institutional support buildings repair, maintenance and renovation in accordance with Act (R219, S1134), effective June 7, 2012.

**WILLIAMSBURG TECHNICAL COLLEGE**  
**Notes to the Financial Statements**  
**June 30, 2013**

**NOTE 12 - RISK MANAGEMENT**

The College is exposed to various risks of loss and maintains State or commercial insurance coverage for each of those risks. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. Settlement claims have not exceeded this coverage in any of the past three years.

The State of South Carolina believes it is more economical to manage certain risks internally and set aside assets for claim settlement. Several state funds accumulate assets and the State itself assumes substantially all the risk for the following claims of covered employees:

- Unemployment compensation benefits
- Worker's compensation benefits for job-related illnesses or injuries
- Health and dental insurance benefits
- Long-term disability and incidental death benefits

Employees elect health insurance coverage through either a health maintenance organization or through the State's self-insured plan.

The College and other entities pay premiums to the State's Insurance Reserve Fund (IRF), which issues policies, accumulates assets to cover the risk of loss, and pays claims incurred for covered losses relating to the following activities:

- Theft, damage to, or destruction of assets
- Real property, its contents, and other equipment
- Motor vehicles and watercraft
- Torts
- Natural disasters

The IRF is a self-insurer and purchases reinsurance to obtain certain services and to limit losses in certain areas. The IRF's rates are determined actuarially.

The College obtains coverage through a commercial insurer for employee fidelity bond insurance for all employees for losses arising from theft or misappropriation.

**NOTE 13 - OPERATING EXPENSES BY FUNCTION**

Operating expenses by functional classification for the year ended June 30, 2013 are summarized as follows:

	<u>Salaries</u>	<u>Benefits</u>	<u>Scholarships</u>	<u>Utilities</u>	<u>Supplies and Other Services</u>	<u>Depreciation</u>	<u>Total</u>
Instruction	\$ 1,235,303	\$ 426,571	\$ -	\$ -	\$ 338,990	\$ -	\$ 2,000,864
Academic Support	399,878	146,435	-	-	328,485	-	874,798
Student Services	667,494	223,800	-	-	228,444	-	1,119,738
Operation and							
Maintenance of Plant	248,369	89,017	-	84,336	218,924	-	640,646
Institutional Support	600,491	193,956	-	-	105,897	-	900,344
Scholarships	-	-	640,138	-	-	-	640,138
Auxiliary Enterprises	30,902	11,419	-	-	211,361	-	253,682
Depreciation	-	-	-	-	-	82,570	82,570
Total Operating Expenses	<u>\$ 3,182,437</u>	<u>\$ 1,091,198</u>	<u>\$ 640,138</u>	<u>\$ 84,336</u>	<u>\$ 1,432,100</u>	<u>\$ 82,570</u>	<u>\$ 6,512,779</u>



**WILLIAMSBURG TECHNICAL COLLEGE**  
**Notes to the Financial Statements**  
**June 30, 2013**

**NOTE 14—RELATED PARTIES**

Certain separately chartered legal entities, whose activities are related to those of the College, exist primarily to provide financial assistance and other support to the College and its educational program. This includes the Williamsburg Technical College Foundation, Inc.

Management reviewed its relationship with the Foundation under GASB Statement No. 14 as amended by GASB Statements No. 39 and No. 61. The College excluded this organization from the reporting entity because it is not financially accountable for it. Further, in management's professional judgment it is not necessary to include the Foundation to prevent the reporting entity's financial statements from being misleading.

Following is a more detailed discussion of this entity and a summary of significant transactions (if any) between this entity and the College for the year ended June 30, 2013.

Williamsburg Technical College Foundation, Inc.

The Foundation is a separately chartered corporation organized exclusively to receive and manage private funds for the exclusive benefit and support of the College. The Foundation's activities are governed by its Board of Directors who are not members of the College's Board of Directors.

The College recorded non-governmental gifts receipts of \$9,205 from the Foundation in non-operating revenues for the fiscal year ending June 30, 2013. These funds were used to support the College by way of scholarships and program development grants. The Foundation reimburses the College for any purchases made by the College on behalf of the Foundation. The College provides staffing support and facilities space to the Foundation. It has determined that these services and facilities are nominal and therefore are not reflected in the financial statements of the Foundation for the current year.

The Foundation's assets as of June 30, 2013 were \$451,753. There are no receivables or payables between the College and the Foundation as of June 30, 2013.

**NOTE 15 – STATEMENT OF ACTIVITIES**

The following information is required by the Office of the Comptroller General for the State of South Carolina's Comprehensive Annual Financial Report.

	<u>2013</u>	<u>2012</u>	<u>Increase/ (Decrease)</u>
Charges for Services	\$ 2,015,788	\$ 1,751,883	\$ 263,905
Operating Grants and Contributions	4,792,909	4,850,934	(58,025)
Less: Expenses	<u>(6,512,779)</u>	<u>(5,904,552)</u>	<u>(608,227)</u>
Net Program Revenue (Expense)	295,918	698,265	(402,347)
Net Position-Beginning	<u>6,566,010</u>	<u>5,867,745</u>	<u>698,265</u>
Net Position-Ending	<u>\$ 6,861,928</u>	<u>\$ 6,566,010</u>	<u>\$ 698,265</u>

**WILLIAMSBURG TECHNICAL COLLEGE**  
**Notes to the Financial Statements**  
**June 30, 2013**

**NOTE 16 – TRANSACTIONS WITH OTHER AGENCIES**

The College had significant transactions with the State of South Carolina and various agencies.

Services received at no cost from State agencies include maintenance of certain accounting records by the Comptroller General; banking, bond trustee, and investment services from the State Treasurer; and legal services from the Attorney General.

Other services received at no cost from the various offices of the State Budget and Control Board include pension plan administration, insurance plans administration, audit services, grant services, personnel management, assistance in the preparation of the State Budget, review and approval of certain budget amendments, procurement services, and other centralized functions.

**NOTE 17 – DONOR RESTRICTED ENDOWMENTS**

Assets at June 30, 2013, consist of \$5,000 short-term investments, restricted for endowments. The donor has provided specific instructions to authorize the interest on the investment of endowment funds to be spent on scholarships.

The endowment is included in a certificate of deposit as shown in Note 2 in the investments section. At June 30, 2013, the endowment had no net appreciation. All is restricted and included in the restricted net position. This is in compliance with SC Code of Laws Sections 34-6-20, 34-6-30, and 34-6-60.

**NOTE 18 – STATE FISCAL STABILIZATION FUNDS (ARRA FUNDS)**

The College incurred expenses of \$80,118 during fiscal year 2013 under American Recovery and Reinvestment Act (ARRA) funding. These funds were awarded to the College via pass-through funding from the U. S. Department of Commerce under the Broadband Technology Opportunities Program. The expenses are reported as supplies and other services in academic support in Note 13 – Operating Expenses by Function.

## **SINGLE AUDIT ACT SECTION**



WILLIAMSBURG TECHNICAL COLLEGE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For Year Ended June 30, 2013

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant/Contract Number	Expenditures
<u>U.S Department of Health and Human Services</u>			
<u>*TRIO Cluster</u>			
TRIO Program - Talent Search 12/13	84.044A	P044A110261-12	\$ 229,613
TRIO Program - Talent Search 11/12	84.044A	P044A070816-11	62,964
TRIO Program - Upward Bound 12/13	84.047A	P047A121571-12	204,262
TRIO Program - Upward Bound 12/13	84.047A	P047A121571-12	63,700
TRIO Program - Upward Bound 12/13	84.047A	P047A121571-12	12,307
TRIO Program - Upward Bound 11/12	84.047A	P047A070462-11	75,244
TRIO Program - Upward Bound 11/12	84.047A	P047A070462-11	-
TRIO Program - Upward Bound 11/12	84.047A	P047A070462-11	26,296
Total TRIO Cluster			<u>\$ 674,386</u>
<u>*Student Financial Aid Cluster</u>			
Federal College Workstudy	84.033	P033A113815	\$ 53,123
Federal Supplemental Educational Opportunity Grant	84.007	P007A123815	23,993
Federal PELL Grant Program	84.063	P063P123181	2,059,744
ACG	84.375	P375A113181	-
Total Student Financial Aid Cluster			<u>\$ 2,136,860</u>
Total Direct Grant Expenditures			<u>\$ 2,811,245</u>
<u>Pass-Through South Carolina Department of Education</u>			
Perkins	84.048	13VA415	\$ 50,811
Total Pass through Expenditures			<u>\$ 50,811</u>
Total U.S. Department of Education			<u><u>2,862,056</u></u>
<u>U.S Department of Labor</u>			
<u>Passed through FDTC</u>			
ASSIST Grant	17.282	TC-22521-11-60-A-45	268,530
Total Pass through FDTC Expenditures			<u>268,530</u>
<u>Passed through SBTCE ARRA</u>			
State - BTOP	11.557	45-42B10012	80,118
Total ARRA Funds			<u>80,118</u>
Total U.S. Department of Labor			<u><u>348,648</u></u>
Total Federal Funds			<u><u>3,210,704</u></u>

# **WILLIAMSBURG TECHNICAL COLLEGE**

## **NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Year Ended June 30, 2013

### **NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of Williamsburg Technical College and is presented on the accrual basis of accounting used to prepare the basic financial statements as described in Note 1 of the financial statements.

The information in the schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, Audit of States, Local Governments, and Non Profit Organizations. Therefore, some of the amounts presented in the schedule may differ from amounts used in the preparation of the basic financial statements (or reported in the federal financial reports).

### **NOTE B – FEDERAL NON-CASH ASSISTANCE**

Williamsburg Technical College did not receive or expend federal awards in the form of non-cash assistance and had no federal loan guarantees at June 30, 2013.

### **NOTE C – RECONCILIATION OF CURRENT FUND REVENUES TO SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE**

Total per Schedule of Expenditures of Federal Awards	<u>\$ 3,210,705</u>
Total Federal Revenue per financial statement	
Federal Grants – Operating	\$ 1,070,843
Federal Grants – Nonoperating	<u>2,139,862</u>
	<u>\$ 3,210,705</u>



***Newsome & Company, P.C.***

**CERTIFIED PUBLIC ACCOUNTANTS**

Darrell N. Newsome, CPA ▲ Niki C. Watchinski, CPA ▲ Sarah E. Hooper ▲ Marissa A. Brockmann

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the President and Members of the Area Commission  
Williamsburg Technical College  
Kingstree, South Carolina

We have audited the financial statements of Williamsburg Technical College (the Agency) as of and for the year ended June 30, 2013, and have issued our report thereon dated September 30, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the college's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the college's internal control over financial reporting.

*A control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

*A significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the College's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the College's financial statements that is more than inconsequential will not be prevented or detected by the college's internal control.





A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the College's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information and use of the area commission, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Newsome & Company, P.C.*

NEWSOME & COMPANY, P.C.

Lexington, South Carolina

September 30, 2013



***Newsome & Company, P.C.***  
**CERTIFIED PUBLIC ACCOUNTANTS**

Darrell N. Newsome, CPA ▲ Niki C. Watchinski, CPA ▲ Sarah E. Hooper ▲ Marissa A. Brockmann

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE  
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the President and Members of the Area Commission  
Williamsburg Technical College  
Kingstree, South Carolina

Compliance

We have audited the compliance of Williamsburg Technical College with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2013. Williamsburg Technical College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the College's management. Our responsibility is to express an opinion on the College's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Williamsburg Technical College's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Williamsburg Technical College's compliance with those requirements.

In our opinion, Williamsburg Technical College complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2013. The results of our auditing procedures disclosed no instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133.





### Internal Control Over Compliance

The management of Williamsburg Technical College is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Williamsburg Technical College's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly we do not express an opinion on the effectiveness of Williamsburg Technical College's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis.

A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information and use of the area commission, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Newsome & Company, P.C.*

NEWSOME & COMPANY, P.C.

Lexington, South Carolina

September 30, 2013



**WILLIAMSBURG TECHNICAL COLLEGE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Year Ended June 30, 2013

**Summary of Audit Results:**

1. The audit report issued on the financial statements was unqualified.
2. The audit did not disclose any material weaknesses or significant deficiencies in internal control over financial reporting.
3. The audit did not disclose any material noncompliance.
4. The audit did not disclose any material weaknesses or significant deficiencies in internal control over major programs.
5. The audit report issued on compliance over major programs was unqualified.
6. The audit did not disclose any audit findings that are required to be reported in accordance with section 510(a) of OMB Circular A-133.
7. Major federal programs for Williamsburg Technical College are:

<u>CFDA#</u>	<u>Program Name</u>
	<u>TRIO Cluster</u>
84.044A	Talent Search
84.047A	Upward Bound
	<u>SFA Cluster</u>
84.033	Federal College Workstudy
84.077	Federal Supplemental Education Opportunity Grant
84.063	Federal Pell Grant

8. Dollar threshold used to distinguish between Type A and Type B programs is \$300,000.
9. Auditee qualified as a low-risk auditee under Section .530 of OMB Circular A-133.

**Generally Accepted Governmental Auditing Standards Findings and Questioned Costs:**

NONE

**Findings Related to Audit in Accordance with OMB Circular A-133:**

NONE

**WILLIAMSBURG TECHNICAL COLLEGE**

**DISPOSITION OF PRIOR YEAR AUDIT FINDINGS AND COMMENTS**

Year Ended June 30, 2013

As part of procedures performed as part of our audit of the financial statements of Williamsburg Technical College for the year ended June 30, 2013, we investigated the disposition of the management comments for the year ended June 30, 2012.

No Prior Year Findings.